
OLR Bill Analysis

HB 5160

AN ACT CONCERNING SECURED AND UNSECURED LENDING.

SUMMARY:

This bill eliminates the requirement that each Connecticut bank's governing board (1) adopt a loan and loan review policy for secured and unsecured loans and (2) develop and implement reasonable internal controls to ensure compliance with the policy. It also eliminates the required (1) bank's semiannual loan review policy assessment and (2) banking commissioner's examination of the loan policy and any loan made under it. The banks continue to be subject to any existing limitations under the banking statutes in making these loans.

Under current law, the loan policy must require written applications for all loans and, among other things, address (1) the types of loans offered, including underwriting guidelines and collateral requirements; (2) title review and insurance requirements; and (3) an evaluation and appraisal process.

Also under current law, the loan review policy must establish standards to (1) determine which loans are included in the review and (2) ensure the bank's compliance with its loan policy. It must also be appropriate to the bank's size, financial condition, and the nature and scope of its activities.

EFFECTIVE DATE: October 1, 2014

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/18/2014)